

Message Text

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ORIGIN INT-05

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TAGS:EMIN, ITC

SUBJECT: ITC: MEETING OF THE COMMITTEE ON DEVELOPMENT

FOR GEORGE THIGPEN

1. PLEASE PASS FOLLOWING REPORT TO THE CHAIRMAN OF COD.

ITC: U.S. TIN CONSUMPTION OUTLOOK

TINPLATE -- 92 OF U.S. TINPLATE SHIPMENTS GO TO CAN
MANUFACTURERS. FIFTY PERCENT OF THE CANS MANUFACTURED
IN 1976 WERE FOR BEVERAGES, 40 PERCENT FOR FOODS, AND THE
REMAINDER FOR NONFOOD APPLICATIONS. OF BEVERAGE CONTAINERS,
32 PERCENT WERE TINPLATE; 33 PERCENT, TIN-FREE STEEL
(TFS); AND 35 PERCENT, ALUMINUM. MOST OTHER CONTAINERS
WERE TINPLATE.

IN THE BEVERAGE SECTOR, IN EARLY 1976 D&I TINPLATE CANS HAD
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A PRICE ADVANTAGE OVER THE 3-PIECE TFS CAN AND THE D&I
ALUMINUM CAN, THE ALUMINUM CAN BEING MOST EXPENSIVE. TO
RETAIN THIS PRICE ADVANTAGE THE TIN CONTENT HAS DECREASED
FROM 0.50 POUNDS TO 0.25 POUNDS PER BASE BOX. PRESENTLY,
OVER 50 PERCENT OF D&I TINPLATE CANS ARE MADE FROM QUARTER
POUND TINPLATE. IN THE FUTURE, A SHIFT FROM TINPLATE TO
BLACKPLATE IS ANTICIPATED. THE RAPIDITY OF THIS SHIFT

IN PART WILL BE A FUNCTION OF THE PRICE OF TIN. ALTHOUGH THE TECHNOLOGY FOR MANUFACTURING D&I BLACKPLATE CONTAINERS IS SUFFICIENTLY PROVEN, BLACKPLATE WILL PROBABLY NOT MAKE SIGNIFICANT INROADS UNTIL 1980, AFFECTING BEVERAGE CANS INITIALLY, THEN SANITARY CANS FOR FOOD PRODUCTS.

SANITARY CANS WILL EVOLVE FROM THREE-PIECE TINPLATE STEEL CANS TO TWO-PIECE D&I OR DRAWN-REDRAWN (D/R) CONTAINERS. RETORTABLE ALUMINUM FOIL OR PLASTIC POUCHES COULD PROVE TO BE ADDITIONAL ALTERNATES. THIS LONG TERM CHANGE COULD BE ACCELERATED IF THE FDA RULINGS ON LEAD CONTENT OF FOOD PRODUCTS ADVERSELY AFFECT THE USE OF 98 PERCENT LEAD/2 PERCENT TIN SOLDERED THREE-PIECE TINPLATE CANS. A SHORT TERM INCREASE IN TIN CONSUMPTION COULD BE FORESEEN AS HIGH TIN CONTENT SOLDERS COULD BE USED TO SOLDER TINPLATE CANS. THE COST WOULD BE PROHIBITIVE FOR THE MEDIUM TERM, ESPECIALLY WITH THE OVERCAPACITY OF THREE-PIECE WELDED TIN FREE STEEL CAN LINES AVAILABLE TODAY AT ONLY A SLIGHT PRICE DISADVANTAGE TO PRESENT THREE-PIECE TINPLATE CANS.

LEGISLATION COULD PROVIDE PITFALLS FOR THE NONRETURNABLE BEVERAGE CONTAINERS. PRESENTLY, FOUR STATES HAVE ANTI-LITTER LAWS THAT DIRECTLY AFFECT THE METAL CONTAINER MARKET. THE TREND IS TOWARD ADDITIONAL, LEGISLATION AT THE STATE LEVEL. AT THE NATIONAL LEVEL, LEGISLATION HAS BEEN INTRODUCED TO TAX NONRETURNABLE CONTAINERS.

TINPLATE CAPACITY IN THE UNITED STATES IS 6.5 MILLION TONS PER YEAR. NO EXPANSION IS PLANNED. PRODUCTION IS AT 85 UNCLASSIFIED

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PERCENT CAPACITY BUT IS EXPECTED TO AVERAGE BETWEEN 78 TO 80 PERCENT FOR 1977, COMPARED WITH 76 PERCENT IN 1976. TIN CONSUMED IN TINPLATE PRODUCTION IS EXPECTED TO GROW LESS 1 PERCENT PER YEAR THROUGH 1980 AND THEN MAY DROP TO LESS THAN 0.5 PERCENT PER YEAR AS BLACKPLATE BECOMES COMPETITIVE. IF ANTI-LITTER LEGISLATION IS PASSED, A 6,000 TON DECREASE IN TIN CONSUMPTION BY 1980 IS CONCEIVABLE.

SOLDER -- ALTHOUGH THE ELECTRONICS SECTOR, ACCOUNTING FOR 65 PERCENT OF TIN USED IN SOLDER, IS PROJECTED TO GROW AT ABOUT 5 PERCENT PER YEAR, DECLINING USE OF SOLDER IN RADIATORS, CANS, PLUMBING AND AUTOMOTIVE APPLICATIONS WILL LOWER THE RATE OF GROWTH IN SOLDER TIN CONSUMPTION TO 2 PERCENT PER YEAR. MICROMINIATURIZATION OR OTHER TECHNOLOGICAL ADVANCES COULD LOWER THE RATE OF GROWTH TO LESS THAN 1 PERCENT BY 1980. A REDUCTION IN TIN PRICES WOULD INCREASE TIN USE IN SOLDER BECAUSE THE TREND TOWARD DECREASED TIN CONTENT IN SOLDERS HAS ADVERSELY AFFECTED

ENERGY CONSUMPTION AND HAS INCREASE WASTE.

FUTURE FDA GUIDELINES ON LEAD CONTAMINATION IN FOOD PRODUCTS COULD CAUSE A SHORT TERM INCREASE IN TIN CONSUMPTION (SEE TINPLATE SECTION). OSHA HAS PROPOSED REGULATIONS ON LEAD LEVELS IN PLANT ENVIRONMENTS AND EPA HAS PROPOSED REGULATIONS ON LEAD EFFLUENT AND STACK EMISSIONS. OSHA AND EPA REGULATIONS COULD CAUSE HIGHER SOLDER PRICES GIVING IMPETUS TO CONSERVATION IN SOLDER USE. AS SOLDER COSTS RISE, CONSUMERS PAY MORE ATTENTION TO RECYCLING WASTES WHICH ALSO TENDS TO MODERATE PRIMARY DEMAND.

BRONZE AND BRASS -- TOTAL PRODUCTION OF BRONZE AND BRASS INGOTS DECLINED IN THE PAST 5 YEARS FROM A PEAK OF 258,000 METRIC TONS IN 1973 TO A LOW OF 171,000 METRIC TONS IN 1975. SINCE THEN, INCREASED CONSTRUCTION AND VEHICLE UNCLASSIFIED

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PRODUCTION HAS CAUSED INCREASES IN INGOT OUTPUT TO AN ESTIMATED 195,000 METRIC TONS IN 1976. TOTAL TIN CONSUMPTION IN BRONZE AND BRASS DECLINED FROM 10,133 METRIC TONS IN 1973, TO 7,555 METRIC TONS IN 1975, THEN INCREASED TO AN ESTIMATED 10,000 TONS IN 1976. PRIMARY TIN CONSUMPTION IN THIS SECTOR HAS BEEN ABOUT 3,500 TONS PER YEAR. THIS MEDIUM TERM TREND IS TOWARDS A LOWERING OF TIN CONTENT IN BRONZE, A SHIFT TO OTHER MORE ECONOMICAL COPPER BASE ALLOYS, OR A COMPLETE SHIFT FROM COPPER ALLOYS TO OTHER ALLOYS AND PLASTICS. NO EXPANSION OF CAPACITY IS ANTICIPATED. A CONTINUING DECLINE IN TOTAL TIN CONSUMPTION AROUND 3,500 TONS PER YEAR IS ANTICIPATED OVER THE MEDIUM TERM.

TIN CHEMICALS -- USE OF TIN IN INORGANIC CHEMICALS IS PROJECTED TO GROW AT AN ANNUAL RATE OF 4 TO 5 PERCENT THROUGH 1982. THE ORGANIC SECTOR 'ILL TEND TOWARDS A LOWER RATE OF GROWTH THAN IN THE PAST AS TECHNOLOGICAL ADVANCES HAVE LEAD TO A DECLINE IN THE CONSUMPTION OF TIN PER UNIT OF PVC PRODUCED. THE PRESSURE FOR SUCH ADVANCES HAS BEEN BROUGHT ABOUT IN PART BY TIN PRICE INCREASES. THE INDUSTRY ANTICIPATES A 3 TO 4 PERCENT RATE OF GROWTH IN THIS SECTOR.

TOTAL GROWTH OF TIN DEMAND IN CHEMICAL APPLICATIONS IS PROJECTED TO BE BETWEEN 3 TO 5 PERCENT PER YEAR OVER THE MEDIUM TERM. TIN CONSUMPTION IN CHEMICALS IS CURRENTLY ABOUT 5,000 METRIC TONS PER YEAR OF WHICH ABOUT 3,500 TONS IS PRIMARY TIN. CHRISTOPHER

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